August 5, 2024

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2025

(Three Months Ended June 30, 2024)

[Japanese GAAP]

Company name: ALCONIX CORPORATION
Listing: Tokyo Stock Exchange
Stock code: 3036
URL: https://www.alconix.com
Representative: Hiroshi Teshirogi, President, Executive Officer and CEO
Contact: Takumi Suzuki, Director & Senior Managing Executive Officer and CSO, Head of Corporate Div.
Phone: +81-3-3596-7400

Scheduled commencement date of payment of dividends: -
Preparation of supplementary materials for financial results: None
Holding of financial results meeting: Yes

Note: The original disclosure in Japanese was released on August 5, 2024 at 12:30 (GMT +9).

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2025 (April 1, 2024 – June 30, 2024)

(1) Consolidated results of operations (cumulative) (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 30, 2024	45,850	8.2	1,802	13.0	2,078	35.8	1,289	50.2
Three months ended Jun. 30, 2023	42,370	(9.5)	1,595	(59.4)	1,530	(64.0)	858	(68.4)

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2024: 2,814 (up 50.3%)
Three months ended Jun. 30, 2023: 1,872 (down 50.9%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2024	42.80	42.79
Three months ended Jun. 30, 2023	28.53	-

Note: Diluted net income per share for the three months ended June 30, 2023 is not stated because dilutive shares did not exist.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2024	194,604	68,317	34.8
As of Mar. 31, 2024	182,890	66,350	35.9

Reference: Shareholders' equity (million yen) As of Jun. 30, 2024: 67,634 As of Mar. 31, 2024: 65,702

2. Dividends

	Annual dividends				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2024	-	27.00	-	28.00	55.00
Fiscal year ending Mar. 31, 2025	-				
Fiscal year ending Mar. 31, 2025 (forecast)		29.00	-	29.00	58.00

Note: Revisions to the most-recently announced dividend forecast: None

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	185,000	5.8	7,200	31.8	7,200	32.2	4,500	181.6	149.31

Note: Revisions to the most-recently announced earnings forecasts: None

* Notes

(1) Material changes in the scope of consolidation during the consolidated cumulative first quarter: None

Newly added: - Removed: -

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes

Note: For the details, please refer to “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements (Special Accounting Methods for Preparing Quarterly Consolidated Financial Statements)” on page 11 of the attachments.

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, etc.: Yes

2) Changes in accounting policies other than item 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

Note: For the details, please refer to “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” on page 11 of the attachments.

(4) Number of issued shares (common stock)

1) Number of issued shares at the end of period (including treasury shares)

As of Jun. 30, 2024:	31,042,900 shares	As of Mar. 31, 2024:	31,042,900 shares

2) Number of treasury shares at the end of period

As of Jun. 30, 2024:	905,101 shares	As of Mar. 31, 2024:	905,007 shares

3) Average number of shares during the period (cumulative for the quarter)

Three months ended Jun. 30, 2024:	30,137,877 shares	Three months ended Jun. 30, 2023:	30,105,535 shares

Note: ALCONIX has a Board Benefit Trust and an employee stock distribution trust for the distribution of stock to eligible individuals. Shares of ALCONIX remaining in these trusts recorded as treasury shares in shareholders’ equity are included in the treasury shares that will be deducted when calculating the average number of shares during the period that was used to calculate net income per share and diluted net income per share.

* The quarterly consolidated financial statements attached to this report have not been reviewed by a certified public accountant or an auditing firm.

* Explanation regarding appropriate use of earnings forecasts, and other special items

The earnings forecasts and other forward-looking statements set forth above are based on the information currently available to ALCONIX and certain assumptions that ALCONIX determines to be reasonable, and are not intended to be a promise by ALCONIX that such forecasts and projections will be achieved. Actual results may vary significantly due to various factors.

Table of Contents of the Attachments

1. Overview of Results of Operations, etc. 2
(1) Overview of Quarterly Results of Operations 2
(2) Overview of Quarterly Financial Position 3
(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements 4
2. Quarterly Consolidated Financial Statements and Notes 5
(1) Quarterly Consolidated Balance Sheet 5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income 8
(3) Notes to Quarterly Consolidated Financial Statements 10
Changes in Accounting Policies 10
Special Accounting Methods for Preparing Quarterly Consolidated Financial Statements 10
Segment and Other Information 10
Significant Changes in Shareholders' Equity 11
Going Concern Assumption 11
Quarterly Consolidated Statement of Cash Flows 11
Other Information 12

1. Overview of Results of Operations, etc.

(1) Overview of Quarterly Results of Operations

In terms of the global economic conditions during the first quarter of the current fiscal year, the operations of the ALCONIX Group were affected by the slow economic growth in China as the real estate sector continued its downturn from the previous fiscal year, increased logistics costs, and the further depreciation of the Japanese yen.

In the industries and markets in which the ALCONIX Group is deeply involved, there was both year-on-year and month-on-month growth in global semiconductor sales backed by strong demand for use in AI-related applications. Automobile production in Japan in April and May remained about the same year-on-year. Prices of non-ferrous metals rebounded from the previous quarter due to supply and demand dynamics as well as speculation. The prices of copper and aluminum were higher year-on-year. As for non-ferrous metal products, shipments of rolled aluminum products in Japan in April were higher year-on-year for the first time in more than two years, and production of copper and brass products in Japan in May was also higher year-on-year for the first time in more than two years.

Under such an environment, the overall sales of the ALCONIX Group in the first quarter were higher year-on-year due to increased sales volumes of aluminum ingots, titanium, plating materials and other products as well as the rise in prices for raw materials including aluminum and copper. Sales by segment increased year-on-year in all four segments: Electronic and Advanced Materials, Aluminum and Copper Products, Equipment and Materials, and Metal Processing.

Overall profits were higher year-on-year. In three segments (Electronic and Advanced Materials, Aluminum and Copper Products, and Equipment and Materials), first quarter profits were higher year-on-year due to an improvement in the profitability of aluminum ingots, copper scrap, and nickel and other materials as well as the progress made in revising sales prices to reflect increases in expenses and manufacturing costs. In the Metal Processing segment, profits decreased year-on-year due to a decrease in the profitability of certain products.

Financial highlights for the first quarter of the fiscal year ending March 31, 2025 are as follows:

	First quarter of FY3/24 (Million yen)	First quarter of FY3/25 (Million yen)	Year-on-year change (Million yen)	Year-on-year change (%)
Net sales	42,370	45,850	3,480	8.2
Operating profit	1,595	1,802	207	13.0
Ordinary profit	1,530	2,078	547	35.8
Profit attributable to owners of parent	858	1,289	430	50.2

Business segment performance for the first quarter of the fiscal year ending March 31, 2025 is as follows, with sales in each segment including inter-segment sales:

		First quarter of FY3/24 (Million yen)	First quarter of FY3/25 (Million yen)	Year-on-year change (Million yen)	Year-on-year change (%)
Trading—Electronic and Advanced Materials	Sales	7,525	8,036	511	6.8
	Segment profit	436	720	283	65.1
Trading—Aluminum and Copper Products	Sales	17,697	19,827	2,130	12.0
	Segment profit	183	449	265	145.4
Manufacturing—Equipment and Materials	Sales	9,995	10,442	446	4.5
	Segment profit or loss	(99)	61	160	-
Manufacturing—Metal Processing	Sales	8,160	8,694	534	6.5
	Segment profit	1,006	847	(158)	(15.8)

(Note) Segment profit is the ordinary profit for each segment.

・Trading—Electronic and Advanced Materials

Sales increased year-on-year due to strong sales of rechargeable battery materials and ferroalloys for metal additives. Segment profit increased year-on-year mainly due to higher sales of products and an improvement in the profitability of nickel raw material transactions.

・Trading—Aluminum and Copper Products

Sales increased year-on-year mainly due to higher prices, very strong demand for aluminum ingots from manufacturers of diecast products and other companies, and the newly-acquired medical titanium materials business. Segment profit increased year-on-year mainly due to the recovery in demand for copper scrap, higher sales volume of copper strips, and increases in sales prices to reflect the higher expenses.

・Manufacturing—Equipment and Materials

Sales increased year-on-year due to higher sales of carbon brushes used in automobiles and home appliances and of plating materials sold in the United States. Segment profit increased year-on-year mainly due to increases in sales prices to reflect the rising manufacturing costs.

・Manufacturing—Metal Processing

Sales increased year-on-year due to strong sales of parts for semiconductor chip mounting equipment and for metallic terminals. Segment profit decreased year-on-year mainly due to the large volume of shipments of parts for semiconductor chip mounting equipment, which have a low profit margin.

(2) Overview of Quarterly Financial Position

1) Financial position

a. Current assets

At the end of the first quarter of the current fiscal year, current assets totaled 144,321 million yen, a year-on-year increase of 11,771 million yen. The main changes include a 6,517 million yen increase in notes and accounts receivable-trade, a 3,098 million yen increase in cash and deposits, and a 1,974 million yen increase in inventories.

b. Non-current assets

At the end of the first quarter of the current fiscal year, non-current assets totaled 50,282 million yen, a year-on-year decrease of 58 million yen. The main changes include a 273 million yen increase in property, plant and equipment, a 168 million yen decrease in intangible assets, and a 163 million yen decrease in investments and other assets.

c. Current liabilities

At the end of the first quarter of the current fiscal year, current liabilities totaled 100,282 million yen, a year-on-year increase of 10,588 million yen. The main changes include a 7,328 million yen increase in short-term borrowings, a 2,547 million yen increase in notes and accounts payable-trade, a 579 million yen decrease in current portion of long-term borrowings, and a 173 million yen decrease in income taxes payable.

d. Non-current liabilities

At the end of the first quarter of the current fiscal year, non-current liabilities totaled 26,004 million yen, a year-on-year decrease of 841 million yen. The main changes include a 489 million yen decrease in long-term borrowings.

e. Net assets

At the end of the first quarter of the current fiscal year, net assets totaled 68,317 million yen, a year-on-year increase of 1,966 million yen. The main changes include a 1,508 million yen increase in foreign currency translation adjustment and a 442 million yen increase in retained earnings.

2) Results of operations

a. Net sales

Net sales for the first quarter of the current fiscal year increased 8.2% year-on-year to 45,850 million yen, due to sales growth in all segments.

b. Gross profit

Gross profit for the first quarter of the current fiscal year increased 11.1% year-on-year to 6,384 million yen, mainly due to sales growth in the Electronic and Advanced Materials and Aluminum and Copper Products segments.

c. Selling, general and administrative expenses

Selling, general and administrative expenses for the first quarter of the current fiscal year increased 10.3% year-on-year to 4,581 million yen due to an increase in labor costs.

d. Operating profit

As a result of the above, operating profit for the first quarter of the current fiscal year increased 13.0% year-on-year to 1,802 million yen.

e. Non-operating income, non-operating expenses

There was a net non-operating income (non-operating income – non-operating expenses) of 275 million yen compared with net non-operating expenses of 64 million yen one year earlier, mainly due to a decrease in interest expenses.

f. Ordinary profit

As a result of the above, ordinary profit for the first quarter of the current fiscal year increased 35.8% year-on-year to 2,078 million yen.

g. Extraordinary income, extraordinary losses

There was extraordinary income of 98 million yen, including gain on sales of investment securities, and an extraordinary loss of 82 million yen, including provision of allowance for doubtful accounts.

h. Profit attributable to owners of parent

Profit before income taxes was 2,094 million yen. From this amount, 784 million yen and 20 million yen were deducted for income taxes and profit attributable to non-controlling interests, respectively. As a result, profit attributable to owners of parent for the first quarter of the current fiscal year increased 50.2% year-on-year to 1,289 million yen.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements

ALCONIX currently maintains the full-year consolidated earnings forecasts that were announced in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP] on May 15, 2024.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	FY3/24 (As of Mar. 31, 2024)	First quarter of FY3/25 (As of Jun. 30, 2024)
Assets		
Current assets		
Cash and deposits	21,471	24,570
Notes and accounts receivable-trade	51,361	57,878
Electronically recorded monetary claims-operating	5,632	5,447
Merchandise and finished goods	40,679	42,056
Work in process	4,756	5,624
Raw materials and supplies	3,787	3,517
Other	5,699	6,124
Allowance for doubtful accounts	(838)	(897)
Total current assets	132,549	144,321
Non-current assets		
Property, plant and equipment	31,737	32,011
Intangible assets		
Goodwill	1,022	940
Other	2,065	1,979
Total intangible assets	3,088	2,919
Investment and other assets		
Investment securities	11,899	11,632
Other	4,857	5,061
Allowance for doubtful accounts	(1,241)	(1,342)
Investments and other assets	15,515	15,351
Total non-current assets	50,340	50,282
Total assets	182,890	194,604
Liabilities		
Current liabilities		
Notes and accounts payable-trade	36,542	39,090
Electronically recorded obligations-operating	8,225	8,473
Short-term borrowings	23,730	31,058
Commercial papers	6,994	6,994
Current portion of long-term borrowings	6,148	5,569
Income taxes payable	1,536	1,362
Provision for bonuses	1,381	1,603
Provision for share awards for directors (and other officers)	-	59
Provision for business restructuring	57	60
Other	5,077	6,011
Total current liabilities	89,693	100,282
Non-current liabilities		
Bonds payable	250	250
Long-term borrowings	18,077	17,587
Retirement benefit liability	1,126	1,156
Provision for share awards	-	14
Provision for retirement benefits for directors (and other officers)	331	299
Provision for share awards for directors (and other officers)	169	-
Provision for business restructuring	630	659

Long-term accounts payable-other	1,603	1,549
Other	4,658	4,488
Total non-current liabilities	26,846	26,004
Total liabilities	116,540	126,286

(Million yen)

	FY3/24 (As of Mar. 31, 2024)	First quarter of FY3/25 (As of Jun. 30, 2024)
Net assets		
Shareholders' equity		
Share capital	5,830	5,830
Capital surplus	5,294	5,309
Retained earnings	44,332	44,775
Treasury shares	(1,154)	(1,168)
Total shareholders' equity	54,304	54,746
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,784	3,750
Deferred gains or losses on hedges	(3)	10
Foreign currency translation adjustment	7,617	9,126
Total accumulated other comprehensive income	11,398	12,888
Share acquisition rights	46	45
Non-controlling interests	601	636
Total net assets	66,350	68,317
Total liabilities and net assets	182,890	194,604

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(For the Consolidated Cumulative First Quarter)

(Million yen)

	First three months of FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)	First three months of FY3/25 (Apr. 1, 2024 – Jun. 30, 2024)
Net sales	42,370	45,850
Cost of sales	36,621	39,466
Gross profit	5,748	6,384
Selling, general and administrative expenses	4,153	4,581
Operating profit	1,595	1,802
Non-operating income		
Interest income	27	39
Dividend income	240	228
Foreign exchange gains	-	135
Gain on valuation of derivatives	95	23
Other	79	130
Total non-operating income	442	557
Non-operating expenses		
Interest expenses	300	218
Foreign exchange losses	143	-
Other	63	63
Total non-operating expenses	507	281
Ordinary profit	1,530	2,078
Extraordinary income		
Gain on sales of investment securities	78	82
Other	34	15
Total extraordinary income	112	98
Extraordinary losses		
Loss on retirement of non-current assets	2	12
Provision of allowance for doubtful accounts	-	65
Loss on valuation of investment securities	3	-
Other	1	4
Total extraordinary losses	7	82
Profit before income taxes	1,636	2,094
Income taxes	769	784
Profit	866	1,310
Profit attributable to non-controlling interests	7	20
Profit attributable to owners of parent	858	1,289

Quarterly Consolidated Statement of Comprehensive Income

(For the Consolidated Cumulative First Quarter)

(Million yen)

	First three months of FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)	First three months of FY3/25 (Apr. 1, 2024 – Jun. 30, 2024)
Profit	866	1,310
Other comprehensive income		
Valuation difference on available-for-sale securities	660	(33)
Deferred gains or losses on hedges	21	14
Foreign currency translation adjustment	322	1,523
Total other comprehensive income	1,005	1,503
Comprehensive income	1,872	2,814
Comprehensive income attributable to		
Owners of parent	1,850	2,779
Non-controlling interests	21	34

(3) Notes to Quarterly Consolidated Financial Statements

Changes in Accounting Policies

Application of Revised Accounting Standard for Current Income Taxes

Beginning with the first quarter of the current fiscal year, ALCONIX is applying the Revised Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022)

This revised accounting standard includes a revision to the category used to recognize income and other taxes (taxation of other comprehensive income). This revision is applied in accordance with the transitional treatment specified in the proviso to paragraph 20-3 of the Revised Accounting Standard and the transitional treatment specified in the proviso to paragraph 65-2(2) of the Revised Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022). This will have no effect on the quarterly consolidated financial statements.

There is also a revision concerning a reexamination of the treatment in consolidated financial statements of the deferral for tax purposes of income from the sale of stock, etc. of subsidiaries for transactions between consolidated companies. Beginning with the first quarter of the current fiscal year, ALCONIX is applying this revision in the Revised Guidance. Furthermore, this change in accounting policies has been applied retroactively to the quarterly and fiscal year consolidated financial statements for the fiscal year that ended in March 2024. This will have no effect on the quarterly and fiscal year consolidated financial statements for the fiscal year that ended in March 2024.

Special Accounting Methods for Preparing Quarterly Consolidated Financial Statements

Calculation of tax expenses

The tax expenses were calculated by first reasonably estimating the effective tax rate after the application of tax effect accounting with respect to profit before income taxes during the consolidated fiscal year including this consolidated first quarter, and multiplying that estimated effective tax rate by the quarterly profit before income taxes.

Income taxes-deferred are included in and displayed with income taxes.

Segment and Other Information

[Segment information]

I. First three months of FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)

1. Information related to net sales and profit or loss for each reportable segment and breakdown of revenue

(Million yen)

	Reportable segment				Total
	Trading		Manufacturing		
	Electronic and Advanced Materials	Aluminum and Copper Products	Equipment and Materials	Metal Processing	
Net sales					
Revenue from contracts with customers	6,983	17,443	9,887	8,056	42,370
External sales	6,983	17,443	9,887	8,056	42,370
Inter-segment sales or transfers	542	254	108	104	1,009
Total	7,525	17,697	9,995	8,160	43,379
Segment profit (loss)	436	183	(99)	1,006	1,527

2. Reconciliation of the amount in the quarterly consolidated statement of income with the total profit or loss for reportable segments

(Million yen)

Profit	Amount
Total for reportable segments	1,527
Eliminations for inter-segment transactions	3
Ordinary profit on the quarterly consolidated statement of income	1,530

II. First three months of FY3/25 (Apr. 1, 2024 – Jun. 30, 2024)

1. Information related to net sales and profit or loss for each reportable segment and breakdown of revenue

(Million yen)

	Reportable segment				Total
	Trading		Manufacturing		
	Electronic and Advanced Materials	Aluminum and Copper Products	Equipment and Materials	Metal Processing	
Net sales					
Revenue from contracts with customers	7,485	19,458	10,285	8,621	45,850
External sales	7,485	19,458	10,285	8,621	45,850
Inter-segment sales or transfers	551	369	156	73	1,151
Total	8,036	19,827	10,442	8,694	47,001
Segment profit	720	449	61	847	2,078

2. Reconciliation of the amount in the quarterly consolidated statement of income with total profit or loss for reportable segments

(Million yen)

Profit	Amount
Total for reportable segments	2,078
Eliminations for inter-segment transactions	(0)
Ordinary profit on the quarterly consolidated statement of income	2,078

Significant Changes in Shareholders' Equity

Not applicable.

Going Concern Assumption

Not applicable.

Quarterly Consolidated Statement of Cash Flows

The Quarterly Consolidated Statement of Cash Flows for the first three months of the fiscal year ending March 31, 2025 has not been prepared. Depreciation (includes amortization expenses related to intangible assets excluding goodwill) and amortization of goodwill for the first three months of each fiscal year are as follows:

(Million yen)

	First three months of FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)	First three months of FY3/25 (Apr. 1, 2024 – Jun. 30, 2024)
Depreciation	1,050	1,101
Amortization of goodwill	84	84

Other Information

Employee incentive plan

In accordance with a resolution approved on May 15, 2024 by its Board of Directors, ALCONIX introduced an employee incentive plan effective June 4, 2024.

(1) Overview of transactions

The incentive plan uses a trust established and funded by ALCONIX to purchase ALCONIX common stock. Employees who meet certain requirements will receive points granted in accordance with the stock distribution rules established by the directors of ALCONIX. The points are used to determine the number of shares of ALCONIX common stock to be received by employees from the trust. (However, such shares will be subject to transfer restrictions until separation of employment pursuant to a transfer restriction agreement that will be entered into between ALCONIX and each employee.)

There is no cost to employees because ALCONIX covers the entire cost of stock purchases made by the trust.

(2) Shares of ALCONIX stock remaining in the trust

The book value (excluding associated expenses) of shares of ALCONIX stock held by the trust is recognized as treasury shares in the net assets section of the quarterly consolidated balance sheet. As of the end of the first quarter of the current fiscal year, the trust held 145,000 shares of ALCONIX stock with a book value of 195,000,000 yen.

(3) Book value of borrowings recognized by using the gross price method

Not applicable.

This summary of financial results is a translation of the ALCONIX's Kessan Tanshin (including attachments) in Japanese, which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. ALCONIX assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.